

CITY/COUNTY OF EAU CLAIRE, WISCONSIN
REQUEST FOR PROPOSALS
FOR
SECTION 125 FLEXIBLE SPENDING PLAN
SECTION 105 MEDICAL EXPENSE REIMBURSEMENT PLAN
HEALTH REIMBURSEMENT ARRANGEMENT

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CITY/COUNTY OF EAU CLAIRE, WISCONSIN

REQUEST FOR PROPOSALS

FOR

**SECTION 125 FLEXIBLE SPENDING PLAN
SECTION 105 MEDICAL EXPENSE REIMBURSEMENT PLAN
HEALTH REIMBURSEMENT ARRANGEMENT**

SECTION I – INTRODUCTION AND BACKGROUND

The City and County of Eau Claire, hereinafter referred to as the City/County, is requesting proposals for a third-party administrator of a Section 125 Flexible Spending Plan. Information regarding the services to be provided, information which must be submitted as part of the proposals, and related details are included in this proposal.

The City has an existing Section 125 Plan, which includes pre-tax health insurance premiums, individual insurance premiums, and medical and dependent care reimbursements. All 642 permanent City, Library, and Health Department employees are eligible to participate. 265 employees are currently enrolled in the plan. The plan year is on a calendar year basis from January 1 to December 31. The City administers the pre-tax health insurance premium portion of the plan, which has full participation. A third party administrator currently administers the medical, individual insurance premium and dependent care programs. The maximum allowable annual deduction for medical reimbursements is currently \$2200 per year. The maximum allowable annual deduction for dependent care is \$5000.

The County also has an existing Section 125 Plan, which includes pre-tax health insurance premiums, individual insurance premiums, and medical and dependent care reimbursements. Currently, the firm providing this service also provides the service to the City. All 510 permanent employees are eligible and 146 are enrolled. The plan year is on a calendar year basis from January 1 to December 31. The County administers the pre-tax health insurance premium portion of the plan, which has full participation.

The same firm provides the service for the County's 105 Plan. 87 employees are eligible and 80 participate. Currently this includes \$1000 for singles and \$2000 for family plans. The County pays all this funding. The Health insurance company submits the claims to the 105 plan. Any unused balance goes back to the County.

If you desire to submit a proposal for consideration of any or all of the above mentioned plans, please provide four copies of a complete proposal signed by an officer of your organization.

The contract term for the Flexible Spending Account shall commence on January 1, 2007 for a period of no less than three years, with two optional one-year extensions upon agreement with the provider.

SECTION II - INSTRUCTIONS TO PROPOSERS

A. Examination of the Request For Proposals

It is the responsibility of the Proposer to carefully read the entire Request for Proposals (RFP), which contains provisions applicable to successful completion and submission of a proposal. If you discover any ambiguity, inconsistency or error in the RFP, you must notify the City Purchasing Manager in writing. Only interpretations or corrections of the RFP made in writing through addenda by the Purchasing Manager are binding. The Purchasing Manager must receive all requests for interpretations or corrections by no later than the date specified in the RFP Timetable. The RFP consists of all documents identified in the Table of Contents.

B. RFP Timetable

The anticipated schedule for the RFP and contract award is as follows:

RFP available for distribution	September 18, 2006
Deadline for receipt of questions	September 26, 2006
Deadline for receipt of proposals	October 4, 2006 (2:00 p.m. local time)
Date for opening proposals	October 4, 2006 (2:00 p.m. local time City Council Chambers)
Evaluation/selection process	October 5, 2006
Oral presentations (if required)	Afternoons of October 10 & 11, 2006
Approximately selection date	October 12, 2006
Submit recommendation to City Council	October 18, 2006
Approximate contract award date	October 24, 2006
Coverage commencement date (excluding FSA Account)	January 1, 2007

C. Proposal Submission

The Technical Proposal and Price Proposal must be received by October 4, 2006, 2:00 p.m. local time in the form described below. It should be submitted in one container, which on its face bears the Proposers name. It must be addressed to:

Purchasing Manager
City of Eau Claire
203 S. Farwell Street
P.O. Box 5148
Eau Claire, WI 54702-5148

The following information must appear in the lower left-hand corner of the container:

Procurement No. 2006-37
Deadline for submission: October 4, 2006, 2:00 p.m. local time.

All proposals must be submitted on 8 1/2" X 11" paper, except for any drawings, charts, diagrams and the like. Proposers shall include their complete return address on the outer envelope wrapper.

1. Technical Proposal

An unbound original and four copies of the technical proposal must be submitted.

2. Price Proposal

One original (no copies) of the price proposal must be submitted with the technical proposal. The price proposal must be in a **separate, sealed envelope**. It should be identified in the lower left-hand corner with the words: Prices, Procurement No. 2006-37. The Proposer's name must also appear on the envelope.

Hand-carried proposals may be delivered to the above address ONLY between the hours of 8:00 a.m. and 4:30 p.m., Mondays through Fridays, excluding holidays observed by the City.

Proposers are responsible for informing any commercial delivery service, if used, of all delivery requirements and for ensuring that the required address information appears on the outer wrapper or envelope used by such service.

Proposals may **not** be submitted electronically.

An officer of the company, who is legally authorized to enter into a contractual relationship in the name of the Proposer, must sign both the technical proposal and the price proposal.

The submittal of a proposal by a Proposer will be considered as constituting an offer by the Proposer to perform the required services at the stated prices.

D. Additional Information/Addenda

Requests for additional information or clarifications must be made in writing no later than the date specified in the RFP timetable. Requests must contain the Proposer's name, address, phone number, and facsimile number. Electronic facsimile will be accepted at 715-839-4940. Facsimiles must have a cover sheet which includes, at a minimum, the Proposer's name, address, number of pages transmitted, phone number, facsimile number and RFP name and number.

The City/County will issue responses to inquiries and any other corrections or amendments it deems necessary in written addenda issued prior to the Proposal Due Date. Proposers should not rely on any representations, statements or explanations other than those made in this RFP or in addenda to this RFP. Where there appears to be a conflict between the RFP and any addenda issued, the last addendum issued will prevail.

It is the Proposer's responsibility to assure receipt of all addenda. The Proposer should verify with the Purchasing Manager prior to submitting a proposal that all addenda have been received. Proposers are required to acknowledge the number of addenda received as part of their proposals. (See Attachment A.)

E. Modified Proposals

A Proposer may submit a modified proposal to replace all or any portion of a previously submitted proposal up until the Proposal Due Date. The Evaluation Committee will only consider the latest version of the proposal.

F. Withdrawal of Proposals

Proposals shall be irrevocable until contract award unless the proposal is withdrawn. A proposal may be withdrawn in writing only prior to the Proposal Due Date or upon the expiration of ninety days after the opening of proposals, and if received by the Purchasing Manager prior to award.

G. Late Proposals, Late Modifications and Late Withdrawals

Proposals received after the Proposal Due Date and time are late and will not be considered. Modifications received after the Proposal Due Date are also late and will not be considered. Letters of withdrawal received both after the Proposal Due Date or after contract award, whichever is applicable, are late and will not be considered.

H. RFP Postponement, Cancellation

The City/County may, at its sole and absolute discretion, reject any and all, or parts of any and all proposals; re-advertise this RFP; postpone or cancel, at any time, this RFP process; or waive any irregularities in this RFP or in the proposals received as a result of this RFP.

I. Proposal Preparation Costs

All expenses involved with the preparation and submission of proposals, or any work performed in connection with the proposal shall be the responsibility of the Proposer. No payment will be made for any responses received, or for any other effort required of or made by the Proposer prior to award of a contract.

J. Oral Presentations

The City/County may require Proposers to give presentations to the City/County Health Insurance Committees in support of their proposals or to exhibit or otherwise demonstrate the information contained therein. The presentations, if required, will be conducted on the date indicated in this Section; Paragraph B. Proposers will be notified if this date is changed.

K. Exceptions to the RFP

Proposers may take exceptions to any of the terms of this RFP unless the RFP specifically states that exceptions may not be taken. Should a Proposer take exception where none is permitted, the proposal will be rejected as non-responsive. All exceptions taken must be specific, and the Proposer must indicate clearly what alternative is being offered to allow the City/County meaningful opportunity to evaluate proposals.

Where exceptions are permitted, the City/County shall determine the acceptability of the proposed exceptions and the proposals will be evaluated based on the proposals as submitted. The City/County, after completing evaluations, may accept or reject the exceptions. Where exceptions are rejected, the City/County may insist that the Proposer furnish the services or goods described herein, or negotiate an acceptable alternative.

L. Confidential Information

Confidential information submitted as part of a proposal must be clearly marked as such. Such information will be kept confidential to the extent allowed by law. No proposal information or selection process information will be released until the City has prepared a final recommendation or the process is terminated. Prior to that time, only a list of the Proposers will be made public.

M. Negotiations

The City/County may award contracts on the basis of initial offers received, without discussions. Therefore, each initial offer should contain the Proposer's best terms. The City/County reserves the right to enter into contract negotiations with selected Proposers. If the City/County and a Proposer cannot successfully negotiate a contract, the City/County may terminate said negotiations and continue or begin negotiations with other Proposers. This process will continue until a contract acceptable to the City/County has been executed or all proposals are rejected. No Proposer shall have any rights against the City/County arising from such negotiations or termination thereof.

N. Rules; Regulations; Licensing Requirements

The Proposer shall comply with all laws, ordinances and regulations applicable to the services contemplated herein. Proposers are presumed to be familiar with all Federal, State and local laws, ordinances, codes and regulations that may in any way affect the services offered.

O. Review of Proposals for Responsiveness

Each proposal will be reviewed to determine if the proposal is responsive to the submission requirements outlined in the RFP. A responsive proposal is one that follows the requirements of the RFP, includes all documentation required by the RFP, is submitted in the format outlined in the RFP, is of timely submission, and has the appropriate signatures as required on each document. Failure to comply with these requirements may deem a proposal non-responsive.

P. Litigation

The contracts resulting from this RFP shall be construed in accordance with the laws of the State of Wisconsin. Any litigation between the parties arising out of or in connection with the proposals shall be initiated either in the court system of the State of Wisconsin or the United States District Court for the Western District of Wisconsin.

Q. Assignment, Transfer or Subcontracting

The Proposer shall not assign any interest in the contracts resulting from this RFP and shall not transfer any interest in the same (whether by assignment or notation) without the prior written consent of the City/County. Consent will not be given to any proposed assignment, which would release the Proposer of its responsibilities under the contract. The Proposer must obtain prior written consent of the City/County to delegate, assign, transfer or subcontract any functions or responsibilities required to fulfill the obligations under the contract resulting from this RFP.

R. Termination Clause for Convenience

The City/County may at any time, at their sole discretion, without cause, terminate this Contract all or in part, for convenience by written notice to the Proposer. The Proposer shall promptly submit its claim for sums owing under the Contract to the City/County. After such claim has been reviewed and accepted by the City/County, payment of sums owing shall be made to the Proposer. If it is determined that the sums owed the Proposer are less than amounts paid under this Contract, the City/County will notify the Proposer of the amount owed, which shall immediately be remitted to the City/County.

S. Termination for Cause

If the Proposer shall fail to fulfill any of its obligations under the contract resulting from this RFP in a timely and proper manner or otherwise violates any of the covenants, agreements or stipulations material to the contract, the City/County shall thereupon have the right to immediately terminate the contract by giving written notice to the Proposer of such termination.

T Proposal Acceptance Period

The proposal shall remain firm and fixed for acceptance for 120 days after the deadline for submission of proposals.

U. Non-discrimination /Affirmative Action

The City/County is committed to equal employment opportunity and is obligated not to discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age or physical or mental handicap in regard to any position for which qualified. The successful Proposer will be subject to Executive Order 11246, as amended, and Section 503 of the Rehabilitation Act, as amended. In the event of noncompliance with the nondiscrimination clause, the contract resulting from this RFP may be canceled, terminated or suspended, in whole or in part, and the Proposer may be declared ineligible for award of future proposals.

SECTION III – SCOPE OF SERVICES

Flexible Spending Account

1. **Dedicated Staff-** Administrators must provide a dedicated staff person who is fully qualified and fully trained in claims processing and customer service for the City/County accounts.
2. **Claims Processing-** Administrator must be able to effectively and efficiently process all claims under the medical reimbursement, individual insurance premium and dependent care plan. Claims processing to include receipt of claim, determination of eligible expenses and maximums, participant explanations, register preparation of eligible claims for the City/County, and reimbursement to the employee within a two-week period.
3. **Administration-** Administer all details of operating a Section 125 plan, such as insuring that the program is in compliance with federal regulation, insuring that enrollees are eligible to participate, insuring that payroll deductions balance with election affidavits, providing detailed records of all transactions, provide forms for enrollment, termination, and claims, and notifying the City/County and/or participants of any inconsistencies, non-payment of claims, etc.
4. **Account Updates-** Update employees via US mail on their current available account balances no less than four times per year.
5. **Compliance with HIPAA and COBRA Regulations-** The Administrator must be compliant with all aspects of the Health Insurance Portability and Accountability Act (HIPAA) and the Consolidated Omnibus Budget Reconciliation Act (COBRA).
6. **References-** Vendors must provide a list of the five largest services accounts, with named references, addresses and telephone numbers.
7. **Communication Materials-** The Administrator will be responsible for the following:
 - Prepare, print and distribute customized claim forms.
 - Assist with rewrites from regulatory changes.
 - Print and complete customized I.D. cards (if required by Administrator).
 - Design and print customized enrollment forms.
 - Create customized explanation of benefits.
 - Create other standard forms used in connection with the administration of the plan.

Medical Expense Reimbursement Plan

1. Administrative- Administrator will provide a plan document and summary plan description designed to the City/County of Eau Claire's specifications.
2. Forms- Administrator will provide all necessary standard forms needed in connection with the administration of the plan.
3. Claims Processing- Administrator will provide complete maintenance of all account records, including verification of qualified expenses, and claims disbursements, and employer reports.
4. Reporting- Administrator will provide all IRS reporting and filing requirements.
5. Compliance with HIPAA and COBRA Regulations- The Administrator must be compliant with all aspects of the Health Insurance Portability and Accountability Act (HIPAA) and the Consolidated Omnibus Budget Reconciliation Act (COBRA).

Health Reimbursement Arrangement

If the City elects to exclude the thirty eight (38) employees from the Confidential, Division Head, and Managerial groups from the fully-funded insurance plans, a third party administrator will be needed to manage a self-funded plan for employees in those groups. Responsibilities of the administrator would include the managing all claims processing, approval, payment, etc. Compliance with HIPAA and COBRA regulations would also be necessary, as well as providing for all reporting requirements.

The County is obtaining health insurance quotes with an HRA program for all County Employees. Therefore, please provide a quote for this plan as well. The limits will be \$1000 and \$2,000 with half of each amount paid for by the employee and one half paid for by the County. Any balance would be placed in an account for the employee to use in future years.

SECTION IV - PROPOSAL FORMAT

Proposers should carefully follow the format and instructions outlined below, observing format requirements where indicated. Proposals must contain the information described below.

Proposers shall provide documentation that demonstrates their ability to satisfy all of the minimum qualification requirements. Proposals submitted which do not include the following items or which do not meet the minimum qualification requirements or which fail to provide supporting documentation may be considered non-responsive and may not be considered for award.

A. Technical Proposal

1. Cover Page

The Cover Page should include the following information:

Proposer:

Contact Person for RFP:

Business Address:

Business Phone:

Facsimile Phone:

E-mail Address:

Title of RFP: Employee Flexible Spending/Medical Expense/Health Insurance Coverage

RFP Number No. 2006-37

Any further correspondence by the City/County to the Proposer, for the purposes of this RFP, will be addressed to the Proposer's "Contact Person" at the address, phone number, facsimile and e-mail submitted by the Proposer in this section.

2. Table of Contents

The Table of Contents should outline in sequential order the major areas of the proposal. All pages of the proposal, including the enclosures, must be clearly and consecutively numbered and correspond to the Table of Contents.

3. Executive Summary

A summary of the Proposer's response to the RFP, including any exceptions to the Scope of Services.

4. Organizational Structure and Financial Viability

The Proposer shall describe the organizational structure (Corporation, Partnership, Sole Proprietor, etc.) of the Proposer and provide the following information:

- a) Date incorporated/organized; State incorporated/organized in;

- b) States registered in as foreign corporation;
- c) Services or activities, other than health insurance provider, engaged in by the firm/ organization. The Proposer shall include branches or other subordinate units or divisions that will perform or assist in performing any work or supplying any software, the number of years the firm has been in existence; the size of the firm; and the primary markets of the firm's services.
- d) Financial Responsibility – The Proposer shall provide information demonstrating that it has the necessary financial resources to perform the Contract resulting from this RFP.

The following information, at minimum, must be submitted:

- i) A complete set of audited financial statements with an Independent Auditor certification in accordance with American Institute of Certified Public Accountants Statement on Auditing Standards No. 58 (AICPA SAS-58). The submission should consist of a balance sheet, statement of income and expenses, and statement of changes in financial condition for the two most current completed fiscal years. Statements must have a signed certified public accountant's opinion.
- ii) A set of unaudited financial statements consisting of a balance sheet, statement of income and expenses, and statement of changes in financial condition for the current fiscal year to date. The chief financial officer must sign these statements.

5. Experience and Qualifications

The Proposer must have three (3) or more years of recent and relevant experience in providing coverage similar in scope and complexity to the scope described in this RFP.

The following information must be contained in the RFP response:

a) History and Experience

Provide a brief history of your firm and outline the experience of the staff that will be assigned to the contract resulting from this RFP.

b) Controversies

Submit a brief description of any controversies or lawsuits in which you are currently involved or to which you have been a party during the past 5 (five) years other than lawsuits or controversies involving employment issues. Lawsuits and controversies with clients must be disclosed.

c) Customers

List your current customers and describe the services being provided to each of them. Provide names, addresses, contacts and telephone numbers of at least six clients of similar size for which your company is currently providing employee health insurance coverage.

6. Description of Services Proposed

a) Coverage

Proposals must include a complete description of all types of services being proposed. The description shall include both executive overview information and a detailed list of features and benefits.

Proposers **must clearly indicate any limitations or requirements** with which participants must comply for each type of service if such limitations or requirements exist.

b) Reports

The Proposer shall provide a complete description of all reports, which will be available to the City/County including time periods covered by each report, and the time available. For example, a quarterly report covering the period of January through March which will be available after April 1 of each year. Sample reports should be included.

7. Additional Services

Use this section to propose any additional services or special expertise that you offer but were not specifically mentioned above and may be advantageous to the City/County. Fully describe each item, and provide sufficient pricing information so that the City/County may accurately calculate the entire cost of all such services. The City/County may, or may not, elect to incorporate any items proposed in this section into the final Contract.

8. Price Proposal

One original (no copies) of the price proposal must be submitted with the technical proposal. The price proposal must be in a separate, sealed envelope. It should be identified in the lower left-hand corner with the words: Prices, Procurement No. 2006-37. The Proposer's name must also appear on the envelope.

Hand-carried proposals may be delivered to the above address ONLY between the hours of 8:00 a.m. and 4:30 p.m., Mondays through Fridays, excluding holidays observed by the City.

SECTION V - EVALUATION/SELECTION PROCESS

A. Preliminary Evaluation

The proposals will first be reviewed to determine if basic requirements are met. Failure to meet basic requirements may result in the proposal being rejected. In the event that no Proposers meet basic requirements, the City/County reserves the right to continue the evaluation of the proposals and select the proposals that most closely meet the requirements specified in the RFP.

B. Proposal Evaluation

Accepted proposals will be reviewed by an evaluation committee and will be evaluated using the stated criteria. The committee will consider the written responses to the RFP, information on pricing, and information obtained through presentations during the evaluation process.

Technical Proposal

The Evaluation Committee will first evaluate all responsive proposals on the technical criteria listed below.

a) Organizational Structure and Financial Viability

This category includes, but is not limited to, apparent organizational and financial stability.

b) Experience and Qualifications

This category includes, but is not limited to:

- i) Proposer's previous experience in providing services similar in scope and complexity as that described in this RFP.
- ii) Qualifications of key staff assigned to the Contract resulting from this RFP
- iii) References

c) Quality of Services Proposed

This category includes but is not limited to:

- i) Availability of services and ability to provide required services.
- ii) Flexibility in methods used to deliver services.
- iii) Quality, flexibility and timeliness of reports.

c) Additional Services

This category includes additional services not specifically described in the RFP that the Proposer would be able to provide to the City/County and that would enhance coverage provided to City/County employees.

1. Price Proposal

Price is an extremely important aspect of the evaluation process. It should, however, be noted that the successful proposer(s) **will not** be selected on the basis of price alone.

Note: Proposers deemed responsive might be requested to make oral presentations to the City/County's Health Insurance Committees. The purpose of the oral presentations will be for the Proposers to explain their proposals. Neither the proposals nor prices or types of service described therein shall be altered at such presentations.

C. Evaluation

Following the evaluation of the proposals, the Evaluation Committee will recommend to the City Manager and County Administrator that Contract(s) be negotiated. Upon concurrence of the City Manager and County Administrator, Contract(s) will be negotiated and submitted to the City Council and County Board for their approval.

D. Contract Award

The Contract award, if any, shall be made to the Proposer(s) whose proposal(s) shall be deemed by the City/County to be in its best interest. The decision by the City/County of whether to make the award and which proposal(s) is in its best interest shall be final.

CITY/COUNTY OF EAU CLAIRE, WISCONSIN
SECTION 125 FLEXIBLE SPENDING PLAN
SECTION 105 MEDICAL EXPENSE REIMBURSEMENT PLAN
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ATTACHMENT A

Acknowledgement of Addenda Certification

All addenda shall become a part of the RFP. The Proposer hereby acknowledges receipt of the following addenda:

No. _____	Dated _____
No. _____	Dated _____
No. _____	Dated _____
No. _____	Dated _____
No. _____	Dated _____
No. _____	Dated _____

Date

Name of Firm

Authorized Signature

/_____
Name Typed

Title

Firm Address

City, State, Zip

Telephone Number

Email

FAX Number